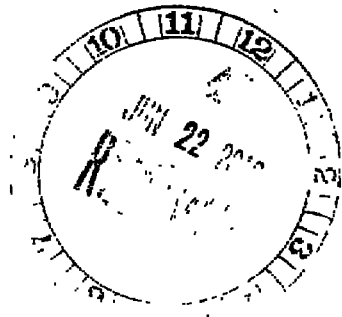


RECORDATION NO. 27066 FILED

JUN 22 '10 -3 38 PM

SURFACE TRANSPORTATION BOARD



## FIRST UNION RAIL

One O'Hare Centre  
6250 River Road, Suite 5000  
Rosemont, IL 60018

Tel 847.318.7575  
Fax 847.318.7588

**VIA UPS 2<sup>nd</sup> DAY AIR**

June 18, 2010

Chief, Section of Administration  
Office of Proceedings  
Surface Transportation Board  
395 E Street, S.W., Suite 100  
Washington, DC 20423-0001  
Attn: Recordation of Railroad Equipment

**Re: Memorandum of Lease Agreement**

Dear Section Chief:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are one (1) original and two (2) copies of a Memorandum of Lease Agreement dated June 4, 2010, a secondary document as defined in the Board's Rules for the Recordation of Documents. The enclosed document relates to the Lease Agreement which was duly filed with the Surface Transportation Board under Recordation Number 27066.

The names and addresses of the parties to the enclosed document are:

Lessor: First Union Rail Corporation  
One O'Hare Centre  
6250 River Road, Suite 5000  
Rosemont, IL 60018

Lessee: Pinnacle Pellet Inc.  
4252 Dog Prairie Road  
Quesnel, BC  
V2J 6K9 Canada

A description of the railroad equipment covered by the enclosed document is for two (2) 5851 cu. ft. capacity, covered hopper cars having TQEX marks (see Exhibit A for car numbers).

A short summary of the document to appear in the index follows: **Memorandum of Lease**

Also enclosed is a check in the amount of \$41.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned along with the additional copies.

If you have any questions regarding the above-referenced matter, please contact me at (847) 384-5397. Thank you for your cooperation in this matter.

Sincerely,

Marcia Dunne  
Senior Documentation Specialist

Enclosures

(PIPE004)

JUN 22 '10 -3 38 PM

ASSGN. NO.: PIPE004

MEMORANDUM OF LEASE  
RIDER NO. 3

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF LEASE (the "Memorandum of Lease") is made and entered into as of JUNE 04/2010, ~~2009~~ by and between the Montreal branch of First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Pinnacle Pellet Inc., a British Columbia corporation.

**WITNESSETH:**

The undersigned Lessor and Lessee have entered into that certain Lease Agreement dated as of March 19, 2007 (the "Lease") and Rider No. 3 thereto dated as of JUNE 04/2010, ~~2009~~ (the "Rider"), whereby Lessor has agreed to lease to Lessee certain railcars as more particularly described in Exhibit A attached hereto and subject to the terms, conditions and provisions of the above-mentioned Lease and Rider which are incorporated herein by reference.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum of Lease to be duly executed by their respective officers duly authorized as of the date and year first above written (and each of the undersigned declares under penalty of perjury that he or she holds the title indicated below and that the execution of this Memorandum was the free act and deed of its corporation).

**LESSOR:**

FIRST UNION RAIL CORPORATION

Name: Susan A. BarrieTitle: Regional Vice President, SalesSignature: **LESSEE:**

PINNACLE PELLET INC.

Name: Leroy ReitsmaTitle: Chief Operating OfficerSignature: 

## **EXHIBIT A – MEMORANDUM OF LEASE**

**NUMBER OF CARS:** Two (2).

**DESCRIPTION OF CARS:** 5851 cubic foot capacity, 286,000 lb. GRL covered hopper cars suitable for loading wood pellets with a load limit of approximately 110-tons. Cars are equipped with gravity gates and round hatches.

**CAR NUMBERS:** TQEX 58232 and TQEX 58386